

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5/25/15

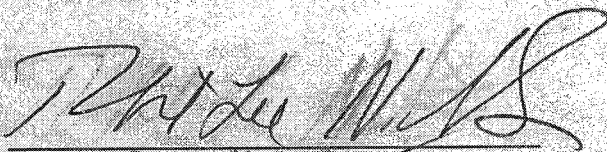
Date


Honorable Dan Patrick
President of the Senate


Honorable Joe Straus
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on SJR5 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.


Sen. Nichols



Sen. Eltife


Sen. Hall


Sen. Nelson



Sen. Whitmire
On the part of the Senate


Rep. Pickett


Rep. Wonne Davis


Rep. Harless


Rep. Otto


Rep. Simmons
On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

S.J.R. No. 5

A JOINT RESOLUTION

1 proposing a constitutional amendment dedicating a portion of the
2 revenue derived from the state sales and use tax and the tax imposed
3 on the sale, use, or rental of a motor vehicle to the state highway
4 fund.

5 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Article VIII, Texas Constitution, is amended by
7 adding Section 7-c to read as follows:

8 Sec. 7-c. (a) Subject to Subsections (d) and (e) of this
9 section, in each state fiscal year, the comptroller of public
10 accounts shall deposit to the credit of the state highway fund \$2.5
11 billion of the net revenue derived from the imposition of the state
12 sales and use tax on the sale, storage, use, or other consumption in
13 this state of taxable items under Chapter 151, Tax Code, or its
14 successor, that exceeds the first \$28 billion of that revenue
15 coming into the treasury in that state fiscal year.

16 (b) Subject to Subsections (d) and (e) of this section, in
17 each state fiscal year, the comptroller of public accounts shall
18 deposit to the credit of the state highway fund an amount equal to
19 35 percent of the net revenue derived from the tax authorized by
20 Chapter 152, Tax Code, or its successor, and imposed on the sale,
21 use, or rental of a motor vehicle that exceeds the first \$5 billion
22 of that revenue coming into the treasury in that state fiscal year.

23 (c) Money deposited to the credit of the state highway fund
24 under this section may be appropriated only to:

1 (1) construct, maintain, or acquire rights-of-way for
2 public roadways other than toll roads; or

3 (2) repay the principal of and interest on general
4 obligation bonds issued as authorized by Section 49-p, Article III,
5 of this constitution.

6 (d) The legislature by adoption of a resolution approved by
7 a record vote of two-thirds of the members of each house of the
8 legislature may direct the comptroller of public accounts to reduce
9 the amount of money deposited to the credit of the state highway
10 fund under Subsection (a) or (b) of this section. The comptroller
11 may be directed to make that reduction only:

12 (1) in the state fiscal year in which the resolution is
13 adopted, or in either of the following two state fiscal years; and

14 (2) by an amount or percentage that does not result in
15 a reduction of more than 50 percent of the amount that would
16 otherwise be deposited to the fund in the affected state fiscal year
17 under the applicable subsection of this section.

18 (e) Subject to Subsection (f) of this section, the duty of
19 the comptroller of public accounts to make a deposit under this
20 section expires:

21 (1) August 31, 2032, for a deposit required by
22 Subsection (a) of this section; and

23 (2) August 31, 2029, for a deposit required by
24 Subsection (b) of this section.

25 (f) The legislature by adoption of a resolution approved by
26 a record vote of a majority of the members of each house of the
27 legislature may extend, in 10-year increments, the duty of the

1 comptroller of public accounts to make a deposit under Subsection
2 (a) or (b) of this section beyond the applicable date prescribed by
3 Subsection (e) of this section.

4 SECTION 2. The following temporary provision is added to
5 the Texas Constitution:

6 TEMPORARY PROVISION. (a) This temporary provision applies
7 to the constitutional amendment proposed by the 84th Legislature,
8 Regular Session, 2015, dedicating a portion of the revenue derived
9 from the state sales and use tax and the tax imposed on the sale,
10 use, or rental of a motor vehicle to the state highway fund.

11 (b) Section 7-c(a), Article VIII, of this constitution
12 takes effect September 1, 2017.

13 (c) Section 7-c(b), Article VIII, of this constitution
14 takes effect September 1, 2019.

15 (d) Beginning on the dates prescribed by Subsections (b) and
16 (c) of this section, the legislature may not appropriate any
17 revenue to which Section 7-c(a) or (b), Article VIII, of this
18 constitution applies that is deposited to the credit of the state
19 highway fund for any purpose other than a purpose described by
20 Section 7-c(c), Article VIII, of this constitution.

21 (e) This temporary provision expires September 1, 2020.

22 SECTION 3. This proposed constitutional amendment shall be
23 submitted to the voters at an election to be held November 8, 2016.
24 The ballot shall be printed to permit voting for or against the
25 proposition: "The constitutional amendment dedicating certain
26 sales and use tax revenue and motor vehicle sales, use, and rental
27 tax revenue to the state highway fund to provide funding for

S.J.R. No. 5

1 nontolled roads and the reduction of certain
2 transportation-related debt."

Senate Joint Resolution 5
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

SECTION 1. Article VIII, Texas Constitution, is amended by adding Section 7-c to read as follows:

No equivalent provision.

Sec. 7-c. (a) Subject to Subsection (c) of this section, the net revenue derived from the tax authorized by Chapter 152, Tax Code, or its successor, and imposed on the sale, use, or rental of a motor vehicle that exceeds the first \$2.5 billion of that revenue coming into the treasury in a state fiscal year shall be deposited as follows:

(1) the next \$2.5 billion of that revenue coming into the treasury in that state fiscal year shall be deposited to the credit of the state highway fund; and

(2) any additional revenue to which this subsection applies that comes into the treasury in that state fiscal year shall be deposited:

(A) fifty percent to the credit of the state highway fund;

(B) thirty percent to the credit of the general revenue fund; and

(C) twenty percent to the available school fund.

No equivalent provision.

HOUSE VERSION (IE)

SECTION 1. Article VIII, Texas Constitution, is amended by adding Section 7-c to read as follows:

Sec. 7-c. (a) In each state fiscal year, the comptroller of public accounts shall deposit to the credit of the state highway fund \$3 billion of the net revenue derived from the imposition of the state sales and use tax on the sale, storage, use, or other consumption in this state of taxable items under Chapter 151, Tax Code, or its successor.

No equivalent provision.

(b) In addition to any deposit made under Subsection (a) of this section, in each state fiscal year the comptroller of public accounts shall deposit to the credit of the state highway fund

CONFERENCE

SECTION 1. Article VIII, Texas Constitution, is amended by adding Section 7-c to read as follows:

Sec. 7-c. (a) Same as House version except subject to Subsections (d) and (e), requires the comptroller to deposit to the credit of the state highway fund **\$2.5 billion** of the net revenue derived from the imposition of the state sales and use tax on the sale, storage, use, or other consumption in this state of taxable items under Chapter 151, Tax Code, or its successor, **that exceeds the first \$28 billion of that revenue coming into the treasury in that state fiscal year.**

(b) Similar to Senate version except **effective on September 1, 2019**, as provided by the resolution **and subject to Subsections (d) and (e)**, requires the comptroller to deposit to the credit of the state highway fund **an amount equal to 35 percent** of the net revenue derived from the tax authorized by Chapter 152, Tax Code, or its successor, and imposed on the sale, use, or rental of a motor vehicle that exceeds the first **\$5 billion** of that revenue coming into the treasury in that state fiscal year.

(c) Same as Senate version.

Senate Joint Resolution 5
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

HOUSE VERSION (IE)

CONFERENCE

an amount equal to two percent of the net revenue described by that subsection that is not deposited as provided by that subsection. The comptroller may not make a deposit otherwise required by this subsection during the next state fiscal biennium if, in preparing the statement required by Section 49a, Article III, of this constitution, for that next state fiscal biennium, the comptroller estimates that the total amount of anticipated revenue for that biennium will be less than the most recent estimate of the total amount of received and anticipated revenue for the then-current state fiscal biennium. [FA1]

No equivalent provision.

(b-1) If, in preparing the statement required by Section 49a, Article III, of this constitution, for the next state fiscal biennium, the comptroller of public accounts estimates that the total amount of anticipated revenue for that biennium will be less than the most recent estimate of the total amount of received and anticipated revenue for the then-current state fiscal biennium, the comptroller shall provide notice of that estimate to the legislature at the same time the comptroller provides the statement under Section 49a, Article III. The legislature, in the next regular legislative session that occurs after the comptroller provides the notice described by this section, shall review the deposits required under this section to determine whether continuing those deposits until the date provided by Subsection (d) of this section is appropriate. The legislature may by general law adjust the date prescribed by Subsection (d) of this section. [FA3]

(b) Money deposited to the credit of the state highway fund under this section may be appropriated only to:
(1) construct, maintain, or acquire rights-of-way for public

*(d) Same as House version in that it relates to legislative oversight of the dedication, but **authorizes the legislature by adoption of a resolution approved by a record vote of two-thirds of the members of each house of the legislature to direct the comptroller of public accounts to reduce the amount of money deposited to the credit of the state highway fund under the resolution, with the authorization limited to the state fiscal year in which the resolution is adopted, or in either of the following two state fiscal years and the reduction limited to an amount or percentage that does not result in a reduction of more than 50 percent of the amount that would otherwise be deposited to the fund in the affected state fiscal year under the applicable subsection of this section.***

(c) Same as Senate version.

(c) Money deposited to the credit of the state highway fund under this section may be appropriated only to:
(1) construct, maintain, or acquire rights-of-way for public

Senate Joint Resolution 5
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

HOUSE VERSION (IE)

CONFERENCE

roadways other than toll roads; or
(2) repay the principal of and interest on

general obligation bonds issued as authorized by Section 49-
p, Article III, of this constitution.

(c) Revenue described by Subsection (a) of this section that
under general law in effect on January 1, 2015, was required
to be deposited to the credit of a fund outside the general
revenue fund from which money could be appropriated only
for a purpose that decreases the rates of, or reduces reliance
on, ad valorem taxes imposed to fund public schools is not
included as part of the first \$5 billion coming into the treasury
for purposes of Subsection (a) of this section, and the
requirements applicable to the deposit of money in excess of
\$2.5 billion prescribed by Subsection (a) of this section do not
apply to that revenue to the extent general law continues to
require the deposit of that revenue as described by this
subsection and limit the appropriation of that revenue to the
purpose described by this subsection.

No equivalent provision.

roadways other than toll roads; or
(2) repay the principal of and interest on:
(A) bonds and other public securities issued, and bond
enhancement agreements entered into, as authorized by
Section 49-n, Article III, of this constitution, as proposed by
H.J.R. 28, 78th Legislature, Regular Session, 2003; and
(B) general obligation bonds issued as authorized by Section
49-p, Article III, of this constitution.

No equivalent provision.

(d) This section expires September 1, 2026.

Same as House version.

(e) Same as House version in that it provides for the expiration of the dedication, *but subject to Subsection (f) below establishes that the duty of the comptroller of public accounts to make a deposit under this section expires August 31, 2032, for a deposit required by Subsection (a) of this section and August 31, 2029, for a deposit required by Subsection (b) of this section.*

Senate Joint Resolution 5
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

HOUSE VERSION (IE)

CONFERENCE

SECTION 2. The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) This temporary provision applies to the constitutional amendment proposed by the 84th Legislature, Regular Session, 2015, dedicating *certain* revenue derived from the tax imposed on the sale, use, or rental of a motor vehicle to the state highway fund.

(b) The changes to Article VIII of this constitution made by the amendment take effect September 1, 2017.

(c) Beginning with the state fiscal year beginning on September 1, 2017, the legislature may not appropriate any revenue to which Section 7-c(a)(1) or (2)(A), Article VIII, of this constitution applies for any purpose other than a purpose described by Section 7-c(b), Article VIII, of this constitution.

(d) This temporary provision expires September 1, 2018.

SECTION 3. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 8, 2016. The ballot shall be printed to permit voting for or

SECTION 2. The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) This temporary provision applies to the constitutional amendment proposed by the 84th Legislature, Regular Session, 2015, temporarily dedicating a portion of the revenue derived from the state sales and use tax to the state highway fund.

(b) Section 7-c, Article VIII, of this constitution takes effect September 1, 2017. [FA2(1)]

No equivalent provision. [Deleted by FA2(2)]

(d) Same as Senate version.

SECTION 3. This proposed constitutional amendment shall be submitted to the voters at an election to be held November 8, 2016. The ballot shall be printed to permit voting for or

(f) Authorizes the legislature by adoption of a resolution approved by a record vote of a majority of the members of each house of the legislature to extend, in 10-year increments, the duty of the comptroller of public accounts to make a deposit under Subsection (a) or (b) of this section beyond the applicable expiration date.

SECTION 2. Same as Senate version except refers to the dedication of *a portion* of the revenue derived from the tax imposed on the sale, use, or rental of a motor vehicle and includes reference to the dedication of the revenue derived from the *state sales and use tax*.

(b)-(c) Same as Senate version except refers to changes made by the amendment *described by Subsection (a) of this section and makes Section 7-c(b) effective September 1, 2019.*

(d) Beginning on the dates prescribed by Subsections (b) and (c) of this section, the legislature may not appropriate any revenue to which Section 7-c(a) or (b), Article VIII, of this constitution applies *that is deposited to the credit of the state highway fund* for any purpose other than a purpose described by Section 7-c(c), Article VIII, of this constitution.

(e) This temporary provision expires September 1, 2020.

SECTION 3. Same as Senate version except the election date for the proposed constitutional amendment is *November 3, 2015*, and the ballot proposition reads as follows: "The

Senate Joint Resolution 5
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

against the proposition: "The constitutional amendment dedicating *certain revenue derived from the tax imposed on the sale, use, or rental of a motor vehicle to the state highway fund.*"

HOUSE VERSION (IE)

against the proposition: "The constitutional amendment *temporarily dedicating a portion of state sales and use tax revenue to increase transportation funding.*" [FA2(3)]

CONFERENCE

constitutional amendment dedicating *certain sales and use tax revenue* and motor vehicle sales, use, and rental tax revenue to the state highway fund *to provide funding for nontolled roads and the reduction of certain transportation-related debt.*"

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 27, 2015

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SJR5** by Nichols (Proposing a constitutional amendment dedicating a portion of the revenue derived from the state sales and use tax and the tax imposed on the sale, use, or rental of a motor vehicle to the state highway fund.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for SJR5, Conference Committee Report: a negative impact of **(\$118,681)** through the biennium ending August 31, 2017. The net impact to General Revenue Related Funds would increase to a negative impact of **(\$5,000,000,000)** in the biennium ending August 31, 2019 and grow further in future biennia.

The cost to the State for publication of the resolution is \$118,681. The bill would have a negative effect on the state's cash flow and may require additional Tax and Revenue Anticipation Notes to be issued to meet the state's annual cash flow needs.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	(\$118,681)
2017	\$0
2018	(\$2,500,000,000)
2019	(\$2,500,000,000)
2020	(\$2,932,104,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from General Revenue Fund 1	Probable Revenue Gain from State Highway Fund 6	Probable (Cost) from General Revenue Fund 1
2016	\$0	\$0	(\$118,681)
2017	\$0	\$0	\$0
2018	(\$2,500,000,000)	\$2,500,000,000	\$0
2019	(\$2,500,000,000)	\$2,500,000,000	\$0
2020	(\$2,932,104,000)	\$2,932,104,000	\$0

Fiscal Analysis

This resolution would propose an amendment to Article VIII of the Texas Constitution to add new Section 7-c to provide for the dedication to the State Highway Fund (SHF) of a portion of revenues derived from state sales and use tax and the tax imposed on the sale, use, or rental of a motor vehicle.

Beginning in fiscal year 2018, Section 7-c(a) would direct the Comptroller to deposit to the credit of the SHF \$2.5 billion of the net revenue derived from the state sales and use tax under Chapter 151 of the Tax Code in excess of \$28 billion. Under current law, these funds would be deposited to the credit of the General Revenue Fund (GR).

Beginning in fiscal year 2020, Section 7-c(b) would direct the Comptroller to deposit to the credit of the SHF 35 percent of the revenues collected from the tax imposed on the sale, use, or rental of a motor vehicle under Chapter 152 of the Tax Code that exceed \$5 billion. Under current law, these funds would be deposited to the credit of GR.

Sections 7-c(a) and 7-c(b) would expire August 31, 2032 and August 31, 2029, respectively. However, the bill would allow the legislature to extend the allocations prescribed by those Sections in ten year increments by adopting a resolution approved by a record vote of a majority of the members of each house.

Section 7-c(c) would require that money deposited to the SHF under Section 7-c would be limited to appropriation only 1) to construct, maintain, or acquire rights-of-way for public roadways other than toll roads; 2) for repayment of debt issued pursuant to Section 49-n, Article III; or 3) for repayment of debt issued pursuant to Section 49-p, Article III.

The proposed constitutional amendment would be submitted to the voters at an election to be held November 3, 2015.

Methodology

The amounts estimated due for deposit to the SHF were based on the Comptroller's *2016-17 Biennial Revenue Estimate*. The first \$2.5 billion in excess of \$28 billion projected to be collected from the sales and use tax imposed under Chapter 151 of the Tax Code was shown as a gain to the SHF and a loss to GR.

Future annual net revenue collections from the taxes in Chapter 152 that would be deposited to GR were based on the amounts forecasted in the *2016-17 Biennial Revenue Estimate* and projected forward. The allocations to the SHF (and the resulting losses to GR) were then calculated by subtracting \$5 billion from the projected total and multiplying the difference by 35 percent.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, SD, KK

**Certification of Compliance with
Rule 13, Section 6(b), House Rules of Procedure**

Rule 13, Section 6(b), House Rules of Procedure, requires a copy of a conference committee report signed by a majority of each committee of the conference to be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order under Rule 13.

I certify that a copy of the conference committee report on SJR5 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.

Joe Ricketts
(name)

5/25/15
(date)